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KELLEY DRYE & WARREN LLP
A LIMITED LIABILITY PARTNERSHIP
1200 19TH STREET, N.W.
SUITE 500
WASHINGTON, D.C. 20036
(202) 955-9600

FACSIMILE
(202) 955-9792
www.kelleydrye.com

DIRECT LINE:
EMAIL: gmorelli@kelleydrye.com

NEW YORK, NY
TYSONS CORNER, VA
LOS ANGELES, CA
CHICAGO, IL
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December 9, 2002

BY HAND DELIVERY

Ms. Marlene Dortch, Secretary
Federal Communications Commission
445 12th Street, S.W., Room TWB-204
Washington, DC 20554

REDACTED – FOR PUBLIC INSPECTION

Re: *Ex Parte Presentation in CC Docket Nos. 01-338, 96-98, 98-147*

Dear Ms. Dortch:

On December 6, 2002, David Hollingsworth, Rick Tidwell and Jacob Farber, representing Birch Telecom, and Joseph Gillan and the undersigned, representing the Promoting Active Competition Everywhere ("PACE") Coalition, met with Commissioner Martin and his Legal Advisor Dan Gonzalez to discuss the position of the PACE Coalition regarding the economic and operational impairments associated with serving analog customers via competitive circuit switches. Attached are redacted versions of the documents distributed at the meeting.

Pursuant to section 1.1206(b)(2) of the Commission's rules, 47 C.F.R. § 1.1206(b)(2), this letter is being filed for inclusion in the public record of the above-referenced proceedings.

Respectfully submitted,

Genevieve Morelli

cc: Qualex

Enclosure

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Birch telecom

Triennial Review Presentation:
Impairments Associated with Serving DS0 Customers Via Circuit Switches

Commissioner Kevin Martin

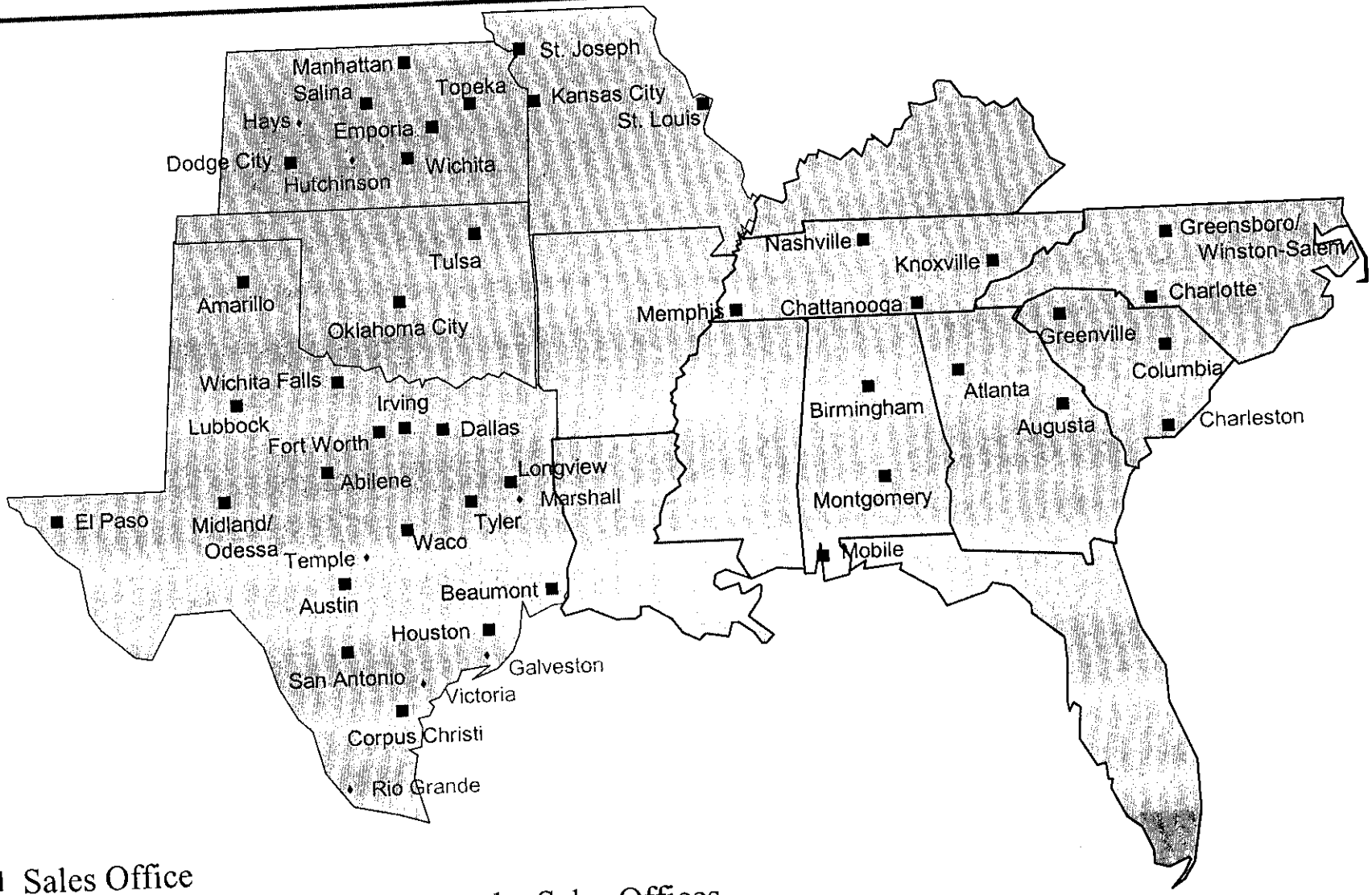
December 6, 2002

David Hollingsworth, CFO, SVP of Engineering and Operations

Rick Tidwell, VP Network

Birch telecom

Where We Serve



■ Sales Office

♦ Secondary Markets served by nearby Sales Offices

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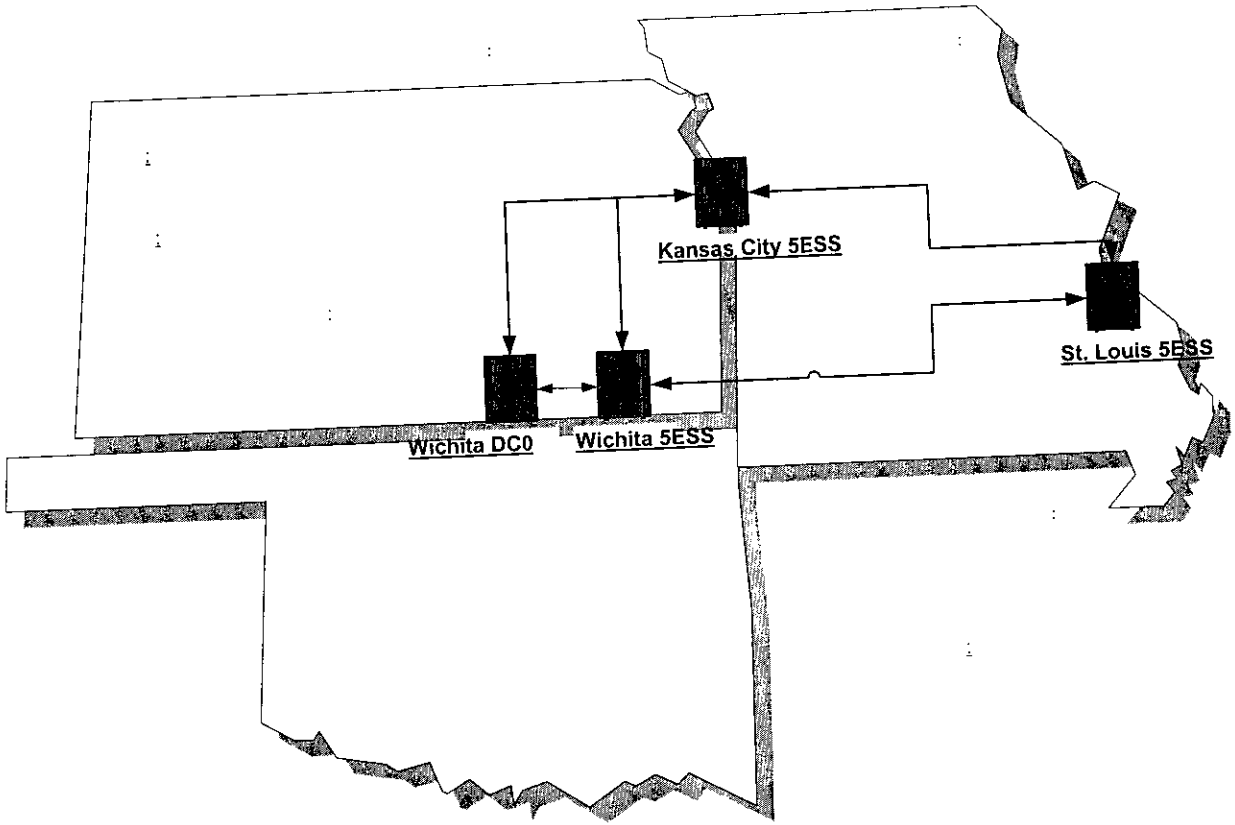
Birch's Circuit Switch Network



Economic Impairments

- Providing service to DS-0 customers using current Class 5 switches is uneconomic.
  - Expensive transport and cross-connect charges erode gross margin.
  - High unit capital costs in the concentrator equipment and Class 5 switch.
  - No scale achieved in the access network.

Cash Flow Model for a Typical Birch Customer

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Current Alternatives Also Don't Work

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- EELs
  - Current ILEC pricing makes this option uneconomical
    - Reduction in capital expenditures are outweighed by increase in inter-office transport costs
  - Creates additional operational issues
- Use ILEC Multiplexers Instead of CLEC Concentrators
  - High transport costs outweigh reduction in capex
  - Additional operational issues

Operational Impairments

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- Operational impairments exist and occur mainly surrounding the process of transferring service from Bell facilities to CLEC facilities (i.e., the "hot cut" process).
  - Prior to CLEC order submission, the CLEC must recognize (and ultimately resolve with SWB) any circuit inventory conflicts, or else the loop migration order will be rejected by SWB.
  - Extended time frames/standard due date intervals on loop migration orders can be up to 6 days.
  - SWB has an aggregate porting limit of 10 numbers (e.g., 10 analog lines; 1 DS-1 trunk) per central office per hour (for ALL CLECs).
  - The loop "lift and lay" migration procedure (i.e., physically redirecting the loop from the SWB switch port to the CLEC switch port) creates anywhere from a momentary service disruption to disruptions that last hours.
    - The potential for extended disruptions in service necessitates the dispatch of a CLEC technician to the customer premise for the duration of the service migration to assist in the trouble resolution effort.
  - When trouble occurs at the time of the hot cut, the CLEC is virtually 100% reliant on SWB to identify the root cause and resolve the condition, often creating extended outages.

UNE-P Is Critical for Birch's Transition to Facilities-based Service

Birch telecom

- Circuit-switch deployment is not an alternative: it is not viable to serve the mass market (i.e. customers too small for a T-1).
  - There are a number of economic impairments that make 5E-Based DS0 service unworkable, regardless of customer size or density (see following slides).
  - In addition, there are numerous operational impairments (see following slides).
- The bottom line: if there is going to be mass market (i.e. DS0) competition for the foreseeable future and until packet switching is available for broad deployment, it is going to continue to come from UNE-P providers.